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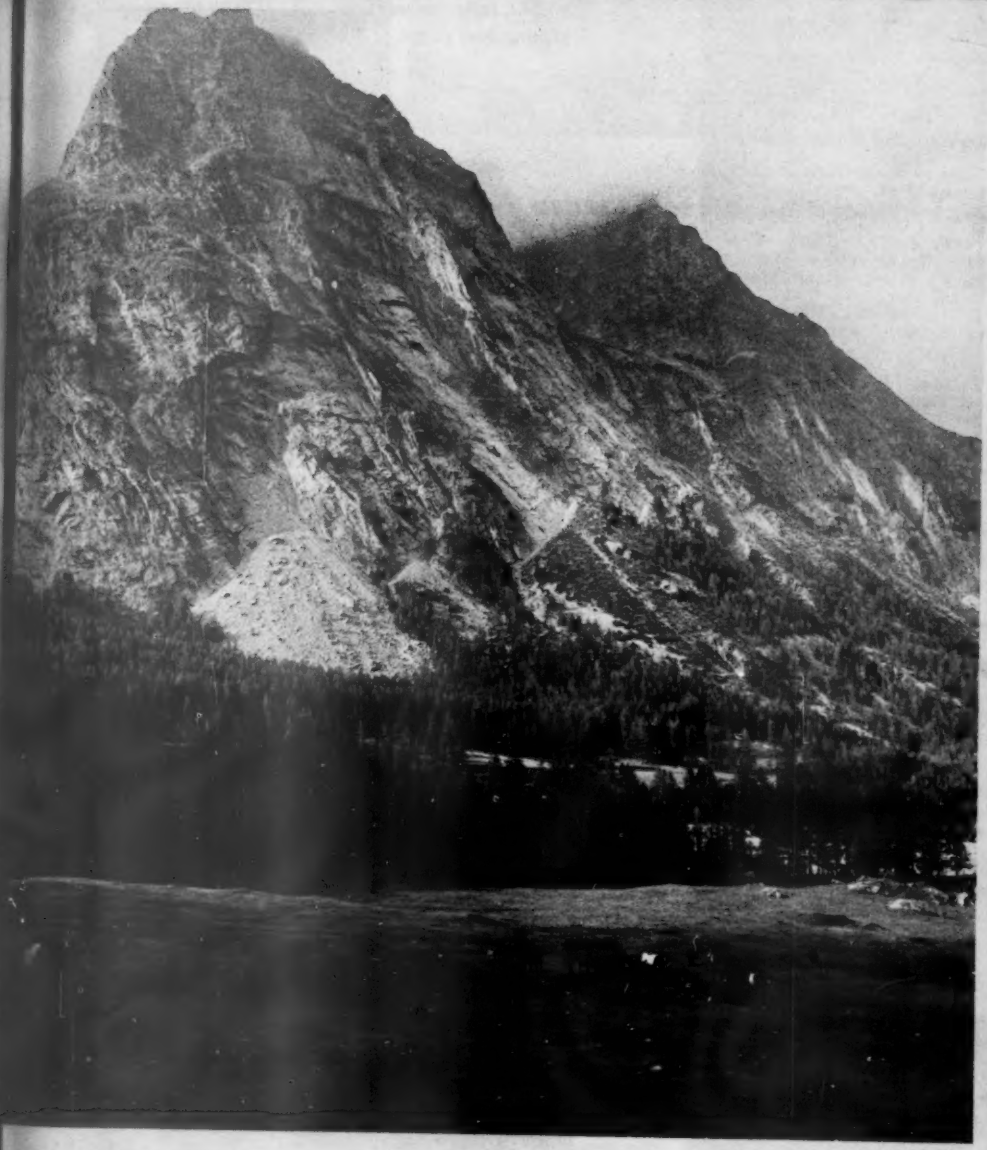

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TECHNOLOGY & SCIENCE

The Complex World Beef Market

Ireland Prepares for EC Entry

FOREIGN AGRICULTURAL SERVICE

U.S. DEPARTMENT OF AGRICULTURE

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In this issue:

2 The World Beef Market By Harold Sanden

5 Green Revolution Seen as West German Corn Production Hits Record High
By Paul Hess and Homer F. Walters

6 Ireland Sets the Stage for EC Entry—Prepares for New Trade Opportunities
By Robin Mosse

8 World Commodity Agreements Must Deal With Basics—Production, Consumption, and Market Access

10 India's Thriving Coffee Industry Creates Need for Expanded Export Markets
By J. A. Thadani

11 U.S. Grain Transportation System Has Shifted Into High Gear

12 Crops and Markets

This week's cover:

Italian cattle grazing in the shadow of the Alps, near Val d'Aosta. Like other EC countries, Italy raises mostly dairy/beef breeds. Italy, however, meets less of its own beef needs, and its strong preference for veal has cut deep into Europe's calf supplies. For a discussion of EC and other major world beef markets, see story beginning on opposite page.

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Below, Netherlands dairy farm (Dutch cow meat dominates EC beef market); right, French worker hoists veal carcass; far right, Japanese workers with hot dogs show country's widening beef tastes.

Herefords amble from Texas corral as ranch hand watches.

Some aspects of

THE WORLD BEEF MARKET

By HAROLD SANDEN
Livestock and Meat Products Division
Foreign Agricultural Service

A look at two of the world's great beef markets—the European Community and the United Kingdom—reveals that each has its own traditional buying pattern and its own specific needs in beef types. So also does one of the world's fastest growing beef markets—Japan; and so does the world's biggest beef market—the United States. Similarly, each of the world's four major beef exporters—Argentina, Australia, New Zealand, and Ireland—produces its own special beef types.

The situation is, in fact, even more complex than that. All of the major beef markets except Japan are also beef exporters. They may cover their needs of one particular type, import a second, and export a third to countries that are short of that type (but may perhaps export a different type). Thus, as the manager of a prominent British meat wholesale firm points out, beef is not just "beef." That is, there is no single grade or cut of beef that can be used as an indicator common to all countries.

European Community. Better incomes in Western Europe (just as in the United States) have brought more demand for beef in the average diet. Herds in European countries are mostly dual-purpose, and the countries traditionally base their beef supply on the slaughter of dairy cows no longer considered desirable for producing milk or of male calves and heifers considered surplus to dairy needs. This beef finds its major outlets in Europe's big sausage industry, with some of the better cuts rendered usable in other ways either by tenderizing or by prolonged cooking.

For part of its steaks and roasts, the EC imports steer cuts, principally from Argentina (and more recently from Brazil also). Generally these are boneless vacuum-packed or frozen cuts, but there is also considerable movement of "pistolas," or modified trimmed hindquarters (usually containing about seven ribs).

Many of the West European countries pay a premium for meat from veal calves, since this is the only bovine meat their consumers consider "tender." This widespread slaughter of calves for veal severely limits Europe's beef production.

Each EC country, however, has its own characteristics as a beef consumer. France, in particular—the only EC country with substantial beef-type herds—uses mainly hindquarter cuts from its own beef for steaks and roasts; exports the forequarters to West Germany and Belgium for sausage making and to the United Kingdom for use in products like steak-and-kidney pie; and, in turn, imports hindquarter cuts from these countries to supplement its own output, as well as buying boneless steer cuts from the South American supplier countries.

Italy—basically an importer—gets both veal and beef from other EC countries, besides importing boneless manufacturing beef from Africa (principally Kenya) and boneless steer cuts from South America. Its strong consumer preference for veal has been draining off calf supplies from other European countries, to the concern of the French and Germans.

Germany, a big sausage consumer with its own beef production coming mainly from cows, imports a considerable quantity of steer cuts, mainly from Argentina. German law requires inspection of beef cuts in the country of origin unless the carcass includes the head.

The Netherlands, with its thriving dairy industry, is a big producer and consumer of cheap cow meat, and its influence on the EC beef market is heavy. Since well over half its beef comes from cows, its beef price structure is generally lower than that of other EC countries. Consequently, a surplus of low-grade cows moving into slaughter, or large imports of forequarter meat, will quickly affect its beef market. This occurred during the summer just past, when Ireland and the United Kingdom shipped surplus product to Europe in response to the EC's suspension of its levies and common tariffs on beef. It was the resultant sharp drop in Dutch beef prices that triggered the reimposition of the levies and common tariff on beef.

The United Kingdom. The British market is another market peculiar to itself, as far as beef is concerned. The market for both domestic and imported beef in England is based upon roasts (the traditional British "joint") and steaks, with relatively little demand for ground beef and sausage items. Thus, the British have imported large quantities of the fatter "ox" or steer cuts from Australia and New Zealand, as well as boneless fresh forequarters from France and Ireland for other traditional British beef foods like steak-and-kidney pie. Britain has also been a traditional market for hindquarter cuts of beef from Argentina as well as from some of the African countries.

With the rise in demand for beef in Europe and its own imminent entry into the Common Market, the United Kingdom must in future compete with other EC countries for South American and Irish beef. Full membership in the Common Market, with its higher prices, will probably attract a net flow of beef and live cattle out of both Ireland and the United Kingdom to Europe, because the United Kingdom in the past has been a relatively cheap market. For example, during the June 1972 suspension of the EC levies and common tariffs on beef, there was a greatly increased flow of beef hindquarters from Britain and Ireland to France, while at the same time French forequarters were shipped to Britain for further processing.

West German worker removes tenderloin from beef carcass for sale as steak. Argentina sends Germany steer cuts.

Not only did this net flow upset the EC beef market by driving down Dutch prices, but it upset the British beef market too. Butchers in the United Kingdom this fall demanded a total ban on exports of British meat to Europe, pointing out that these June shipments created a shortage of beef at home and pushed prices artificially high. An EC decision taken in late October, to cut in half the Community's tariff on beef imports, should be followed by a tariff-cutting action on Britain's part too, the butchers' spokesman said.

Japan. In the whole beef picture, Japan is unique. Traditionally, the Japanese have not been meat eaters, relying mainly on fish and rice in their diet. But in recent years, there has been a steadily increasing demand for meat, mainly pork; and a taste for beef is now also emerging.

Japan raises only a small amount of beef—mostly the famous "Kobe" beef for its "carriage trade," a product that compares most favorably with U.S. Prime beef. Since the end of World War II, however, growing population and growing affluence, together with growing interest in Western foods generally, have broadened the country's demand for beef. Young people, in particular, have acquired a taste for hamburgers and hot dogs.

Japan's beef imports have come mainly from Australia and New Zealand because of price and shipping advantages. There is a limited market, nonetheless, for high-quality U.S. beef cuts for the hotel and restaurant trade.

It is estimated that Japan's demand for beef will grow at a 15-percent annual rate, which should affect the movement of beef out of Oceania, diverting it from the U.S. and U.K. markets. A beef consumption increase of 1 pound per person per year in Japan would create a total additional demand for 50,000 metric tons of beef per year; and since Japan's per capita consumption in 1971 was only about 6 pounds, the possibilities for growth in this business are apparently unlimited.

The United States. The typical U.S. consumer demands high-quality steaks and roasts, which require a fatter, higher quality of younger beef from steers and heifers. But at the same time, the children in his family have fallen in love with the hamburger and the hot dog, and made them worldwide symbols of family-style American living. Fully 46 to 50 percent of all beef consumed in the United States is ground beef; so the need for leaner processing beef to mix with the fatter domestic beef cuts has made the United States one of the world's most important markets for lean manufacturing beef.

What of the future for beef? More and more, beef will be a world market commodity; shifts in production and in direction of movement will largely depend upon world market conditions. Growing affluence in Western Europe, together with EC enlargement, will cause a greater pull on international beef supplies than in the past; and for the same reason, Japan bids fair to become a greater factor in the world beef market. Already, retail prices of beef are higher in most of Western Europe and materially higher in Japan than in the United States. And in Sweden, beef prices became so high last year that consumption dropped 10 percent.

For the long-term world picture, therefore, it appears that increases in world beef production will be racing against rising population and rising incomes. In the meantime, a tip to U.S. consumers—U.S. beef is a bargain by world standards—enjoy it!

Green Revolution Seen as West German Corn Production Hits Record High

By PAUL HESS
and HOMER F. WALTERS
Office of the U.S. Agricultural Attaché
Bonn

Record West German corn output is harvested (left) and unloaded for storage (below). Corn imports are also rising.

West German corn production reached a record level in 1971, causing some observers to term the phenomenon "the Green Revolution in corn." However, West Germany is far from self-sufficient in corn production, and imports from the United States—historically the largest supplier—and from France increased considerably.

In the past decade, German corn area for grain has increased tenfold, with production in 1971 totaling 594,200 metric tons, compared to 23,200 tons in 1961. Corn area for fodder and ensilage has quadrupled during the past 10 years, with 1971 production at 9.5 million tons up from 1.5 million tons in 1961. Of Germany's total area in grain, however, corn comprises only about 2.2 percent of the total, and accounts for 1.5 percent of total crop land.

Outstripped by demand, however, production has had to be supplemented by steadily increasing imports. Despite trade barriers, imports from the United States fell to 1.24 million tons in 1971-72 from 1.9 million in 1970-71. Total corn imports increased 33 percent from 2.1 million tons in 1964-65 to 2.8 million tons in 1971-72. Imports from the United States, however, were only 13 percent larger.

Domestic corn production in West Germany is protected by the European Community's variable levy system—with levies on corn imports in some instances even exceeding the original c.i.f. offering prices—and narrowed limits for forward levy fixing.

While fodder corn is of less commercial importance to U.S. exporters, German production increases may slightly lessen demand for U.S. corn for feedgrains. In addition, France, the major EC corn supplier to Germany, has increased corn production tremendously. Imports of French corn, averaging about one-half million tons for the past 7 years, reached an all time record of 1.3 million tons in 1971-72.

Although Germany's mixed feed production is at a record high, corn's share of the grains used in mixed feeds has declined since 1968. At that time, corn made up 60 percent of all grain used in mixed feeds, but decreased in 1971 to 45 percent. Of all elements in mixed

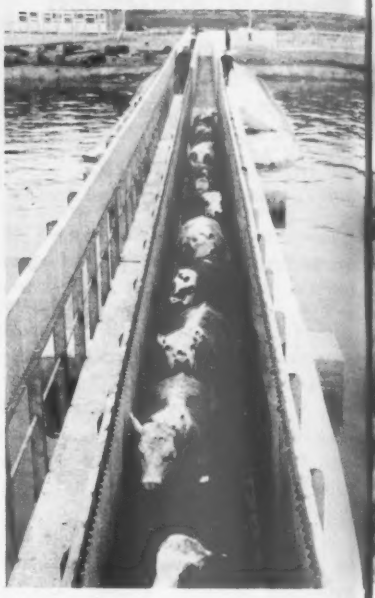
(Continued on page 16)

WEST GERMANY: CORN AREA AND PRODUCTION

Year	For grain		For fodder and ensilage [1]	
	Area	Production	Area	Production
	1,000 acres	*1,000 metric tons*	*1,000 acres*	*1,000 metric tons*
1935-38 [2]	34.6	38.0	91.4	1,570
1950	20.3	17.1	116.1	1,628
1951	18.5	21.0	108.7	1,518
1952	18.3	16.5	98.8	899
1953	16.8	19.7	113.7	1,470
1954	18.6	20.4	118.6	1,684
1955	16.8	20.2	116.1	1,725
1956	17.8	20.3	123.6	1,694
1957	13.8	15.9	113.7	1,635
1958	10.9	12.8	113.7	1,731
1959	11.6	13.2	94.0	1,178
1960	15.3	19.6	123.6	1,833
1961	18.8	23.2	106.3	1,471
1962	31.4	42.7	143.3	1,851
1963	32.4	47.7	138.4	2,021
1964	44.7	62.6	155.7	1,895
1965	66.2	96.4	247.1	3,397
1966	77.6	126.9	274.3	4,263
1967	102.8	196.5	299.0	4,931
1968	144.3	287.1	301.4	5,015
1969	201.1	400.4	370.7	6,078
1970	245.9	506.6	472.0	8,479
1971	287.3	594.2	588.1	9,484
1972 [3]	291.6	589.0	721.5	(4)

[1] Excluding intermediate sowings. [2] Average. [3] Preliminary. [4] Not available.

Clockwise from left: Lowland cross-bred ewes herded with their Suffolk cross lambs in Irish lane. Fertilizer is shipped from factory in the south of Ireland. Barley harvest in the eastern counties. Irish cattle for export are loaded directly from Cork pier to boat.



Ireland Sets the Stage for EC Entry—Prepares for New Trade Opportunities

By ROBIN MOSSE
Office of U.S. Agricultural Attaché
Dublin

THE HISTORY OF Irish agriculture will reach a turning point in January 1973 with its scheduled entry into the European Economic Community (EC). Preparations by Government, farm organizations, and farmers are underway to gear production and marketing to take advantage of new opportunities.

Ireland will have access to a huge, new tariff-free market and will become an open market for the enlarged Community's production. In the past, the United Kingdom has been Ireland's most important market, with the United States next. Trading has been negligible with the original six EC countries and Denmark which joins the EC with Ireland.

Under EC regulations, much of the present State control, protection, and support of Irish agriculture will be modified. Less developed areas will be assisted by EC programs and Irish revenues can be diverted to improving production.

In general, observers agree that the industry is ready for EC entry. Ireland's entry follows a decade of research progress by the Agricultural Institute. Improvements are evident in fertilizer use, better seeds, and more and better livestock. The making of hay and silage has improved and most farms are fully mechanized. In the future, higher prices and more organized marketing should allow fuller use of land.

Success in the agricultural sector is all-important to Ireland's future as a viable nation. In 1971, agricultural exports reached a value of $550 million, accounting for 42 percent of the total export trade. The industry contributed nearly one-fourth of the GNP and employed a like percentage of the national labor force.

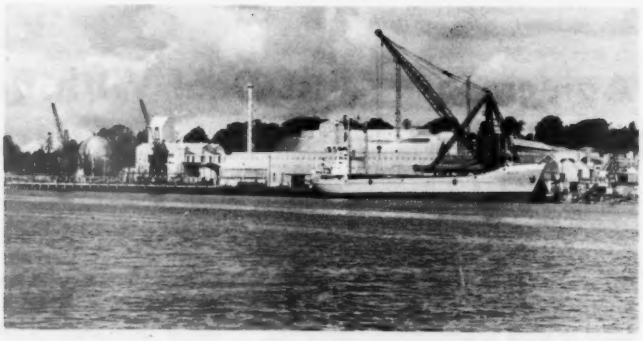
The Government set the stage for EC entry in the April 1972 budget and extended preparations begun late last year. Earlier measures included removal of the multiple price system for milk, designed to discourage milk surpluses of the late 1960's. Also, milk price payments to producers were increased by $24.5 million (about 5 cents per gallon).

Subsidies were increased in the livestock and meat export trade and a loan scheme for carcass beef exporters was introduced. More credit and development capital was made available. Barley and oats prices were raised and the contract acreage for sugarbeets increased.

As expected, the Government's April budget was aimed at assisting the small farmer, the group most apprehensive about EC entry. Loans and grants were provided to increase the size of uneconomic holdings and a plan introduced to enable farms to become eligible for the Small Farmer Scheme. Since EC rules allow latitude for individual governments to assist backward areas, most of the farm improvement projects will probably continue.

IRISH HORTICULTURE is likely to meet strong competition in the EC and $250,000 has been allocated to provide better production facilities, and to form and encourage group projects and cooperatives. Group buying and marketing are expected to be necessary under EC conditions.

Other existing schemes for farm improvement are the Land Project, which provides grants and credit for land reclamation and for improving farm equipment and facilities; the livestock



expansion and improvement plan; and the brucellosis and tuberculosis eradication schemes. Present State-supported research, educational, and advisory services will continue. However, in most cases, subsidies and export bonus payments will be removed, or replaced by the Common Agricultural Policy pricing and intervention arrangements.

Proposals to be submitted by the Irish Government to the EC are not yet specified. Full participation in the Development Plan approved by the EC in April 1972 is expected and many present programs will fit into its framework with little modification. Most Irish farmers are expected to qualify for assistance under the Plan. A pilot scheme for grants to group farming projects is likely to be extended.

To take full advantage of the EC's Development Plan, the Government may also introduce new programs for farmer retirement and land allocation and leasing. Since EC policy favors easy credit, rather than direct grants, long-term lending facilities may improve.

At present, most of Ireland's farm marketing and production is controlled and assisted by State-sponsored boards and commissions. Under EC regulations, these must become producer-supported on a voluntary basis and some, to operate effectively, must relinquish all or some State control. Their efficiency will be crucial in determining the success of Ireland's trading in the EC.

At a recent Dublin symposium, industry representatives discussed a plan for marketing organization presented by a private consulting group. One of several proposals, the plan calls for:

- A National Agricultural Produce Board, financed by the State, to handle market research, intelligence, and new product research.
- A Joint Export Promotion Board, to handle promotion, coordinate transport and distribution, and set policy on quality control standards—again State-financed.
- Three marketing companies, producer- and processor-controlled, to operate in the areas of beef and sheep, dairy products, and hogs.

For Ireland's dairy industry, the transition is expected to be relatively painless. The Dairy Board is well advanced in its transfer from Government to producer control and most of the producer-owned, processing cooperatives comprising the industry have pledged support. If all goes well, the Board hopes to be responsible for 15 percent of the country's earnings from exports.

The Pigs and Bacon Commission is also shifting from State to cooperative control. A current problem is the fragmentation of the hog processing industry; one-fourth of the 300 plants process less than 700 hogs per week. A plan to compensate factories which close voluntarily is achieving some success.

The beef and sheep industry, with annual exports now exceeding $250 million, is Ireland's most important agricultural industry. Unlike the dairy and hog industries, it has no comprehensive regulating and marketing organization as yet.

PROMOTION OF beef and sheep products abroad has been done by the State-sponsored Irish Livestock and Meat Board (CBF), meat exporter groups, and individual factories. Under EC rules, the CBF would be limited to market research and investigation, product development and assistance, and promotion.

Industry leaders have recently suggested plans to centralize marketing of beef and sheep, or to form an overall meat marketing organization. These groups could regulate quality, transport, and acquisition of foreign markets. Other efforts are aimed at developing an improved beef classification system, which will be coordinated with proposed U.K. schemes.

Other boards which regulate or promote farm produce include the Grain Board and smaller groups such as the Wool Board, which will continue to operate in much the same way, promoting and improving the quality of their various products on a voluntary producer basis.

Centralization and cooperation are dominating other farm areas. Many creameries and processing cooperatives have recently amalgamated. The National Poultry Council is considering proposals for an Eggs Promotion Board with nationwide quality control, marketing administration, and a price stabilization scheme. In the horticultural field, efforts are in progress to establish a central cooperative body.

World Commodity Agreements Must Deal With Basics—Production, Consumption, and Market Access

WE ARE LIKELY to see in the 1970's a great deal of intergovernmental activity regarding primary products, I believe—including discussion of possible commodity agreements—but few, if any, new commodity agreements of the type we have known, such as those dealing with wheat, sugar, and coffee.

Experience over the past 2 years has increased my skepticism of the general utility and workability of commodity arrangements that seek to deal primarily with prices—the manifestation of a commodity problem, rather than the problem itself.

An example is wheat.

The effort to stabilize the price of wheat goes back to the beginning of the 1930's. Efforts continued until World War II and were resumed after the War. Various types of multilateral arrangements were agreed upon during this period but most of these failed under pressure of the market.

Until 1949, the wheat agreements were of the market-sharing type, where producing countries undertook not to export more than their agreed share. Since 1949, the international wheat agreements have been of the supply-contract type, where exporting and importing countries agree to conduct their trade within a given price range.

The agreements worked best when world supply and demand coincided to keep prices within the upper and lower limits of the agreed price range. They worked then, however, largely because the world's dominant suppliers, the United States and Canada, maintained an umbrella over the market.

As production grew elsewhere, however, the two countries could not by their own production control and stockpile policies prevent imbalances in world supply and demand from developing. As a result, in periods when large surpluses developed, the agreements failed to work to keep prices from going below the minima.

When a situation of scarcity developed, as it did during the 1949-52 period, the agreement worked to keep prices from rising higher than the maxima, but benefited the importers exclusively for several years running. This made the exporters insist on higher prices in the next agreement, and the incorporation of these higher prices then alienated the importing countries.

Reasons for the failure of international wheat agreements to work overtime are not hard to find. Their price ranges often proved to be inconsistent with the underlying supply and demand situation. They could not easily accommodate to the sudden changes in the supply-demand picture, and they did not attempt to cope with the full range of governmental policies affecting the supply side of the equation.

Unless multilateral arrangements deal with the production and stock policies of producing countries and unless the farm policies of the major producing countries are compatible, multilateral wheat agreements of the traditional type are not likely to achieve their objective of stabilizing the international wheat market on a long-term basis.

The current International Wheat Agreement, negotiated in 1971 as a successor to the International Grains Arrangement of 1967, contains no price provisions and has no commitments by either exporters or importers. Despite the impossibility of arriving at price provisions, the member countries, of which the United States is one, did agree on the usefulness of maintaining the International Wheat Council as a forum for discussing current problems in wheat trade, for collecting data, and for seeking understandings leading to greater discipline in wheat trade.

Ultimately, I would expect a further attempt to arrive at multilateral arrangements for wheat as well as for other grains. Such an effort will undoubtedly be made in the course of the next round of trade negotiations scheduled to commence next year. But the effort will be in vain if it merely seeks to deal with prices without attacking the production and trade policies affecting both imports and exports, which are the primary determinants of price.

The International Coffee Agreement is frequently described as a successful venture in the field of commodity agreements. Despite its recent difficulties, the first and second ICA's for the greatest part have successfully met their objectives. That the agreement is now in serious difficulty is the result of a change in circumstances and a shift in objectives on the part of certain members of the Agreement.

THE 1962 ICA was negotiated against the backdrop of heavy overproduction, large stocks, and ruinously low prices. Given the importance of coffee as the second largest traded commodity and the dependence of many developing countries on coffee exports, there developed a consensus on the need to stabilize prices at reasonable levels.

The Agreement had as its basic objective the stabilization of coffee prices at levels which were fair to producers and reasonable for consumers. For much of the life of the 1962 and 1968 Coffee Agreements these objectives were met. Prices were maintained above the disastrous levels of the late 1950's and early 1960's but not so high as to encounter consumer resistance. On two occasions, prior to this past year, 1964 and 1970, prices rose sharply on account of seriously adverse weather conditions in Brazil, the dominant producer, but after brief periods prices returned to acceptable levels.

After 9 years of relative success, however, the future of the Agreement is now in doubt. The primary reasons are a major change in the supply situation and a shift in objectives. Whereas

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Adapted from speech by Julius L. Katz, Deputy Assistant Secretary, International Resources and Food Policy, Department of State, at Second International Commodities Conference, October 4, 1972.

the situation in 1962 appeared to be one of overproduction, the situation now appears to be one of relative balance in supply and demand.

WHEREAS STOCKS IN 1962 represented the equivalent of about 2 years of world exports, present stocks are equivalent to about 6 or 7 months of world exports. And, further, the shares of the market allocated in 1962 no longer appropriately reflect the distribution of production in the world.

In this situation certain major producers who are no longer in a surplus position wish to have sharply higher prices to reflect the relative scarcity of their product and to maintain and increase their export earnings. Other producers, who in the past have been required to hold stocks, see no good reason why they should continue to do so. They wish to increase their exports and are willing to settle for more modest price objectives. Consumers who helped sustain reasonable prices over the past 9 years feel they are entitled to protection against unreasonably steep price increases now that there is a better balance of supply and demand.

Meeting in Geneva in April of this year, a group of some 13 producers decided on price objectives and quota allocations outside of the ICO and different from the decisions adopted by the International Coffee Council. Consuming nations unanimously concluded that the operations of the Geneva Group were inconsistent with the ICA and could not be tolerated so long as there existed an ICA.

It is somewhat unclear why coffee producers who have a large stake in the continuation of the ICA should have decided to work outside the Agreement at the very time the ICO was scheduled to deliberate on terms for the extension of the Agreement after September 30, 1973. The answer may have been in part a miscalculation of reaction by consumers, plus a reflection of the change in circumstances and objectives.

Against this background even the most enthusiastic and optimistic supporters of the ICA must be concerned about the future of the Agreement. Faced with the inability of the Coffee Organization to agree upon quota arrangements for the 1972-73 coffee year and most importantly on safeguards demanded by consumers against a continuation of the Geneva Group's activities, the Council of the ICO agreed in August to extend quotas for only a 3-month period.

Prior to the end of this probationary, cooling-off period, a decision will have to be made whether or not to continue quotas for the remainder of the year. Beyond that there remains the question whether the Agreement will continue after its scheduled termination date of September 30, 1973. The outcome is in doubt, but several possibilities are:

- The Agreement will lapse,
- The Agreement will be extended but in significantly revised form, or,
- The Agreement will be put on a standby basis.

At this point in time the odds are even on each of these possibilities.

These examples involve commodities with a tendency toward chronic oversupply. It is this kind of problem which most frequently leads to proposals for commodity agreements. A somewhat different situation is presented by commodities which show an apparent tendency toward scarcity. Such a situation is illustrated by the minerals sector, including energy.

THERE IS A GROWING recognition of the fact that projected requirements of various mineral resources are running well ahead of projected supply. The National Commission on Materials Policy in its interim report of April 1972 has said that "the gap between our requirements and the remaining easily accessible world supplies is widening . . . that as the Nation's needs continue to grow and as per capita consumption of materials in other countries increases at an even faster rate than ours, it becomes increasingly difficult for the United States to fill its ever-growing deficit by imports, even at increasing prices."

You have read and heard a great deal about this subject recently and you will be hearing even more in the months and years ahead. Many proposals will be advanced to deal with the problems and there are likely to be proposals to seek to moderate the price effects of the materials gap and the energy gap.

Some suggestions have been made for commodity agreements in this field, although the interests of producers and consumers in this instance may well prove to be mutually exclusive. It would take sophisticated and farsighted reasoning by both groups to see where their true interests lie. Just as consumers will need to recognize the need for higher prices to assure future supplies so will producers need to realize that excessively high prices will encourage substitution and overproduction.

To put into perspective the forecasts for a minerals gap or crisis it may be well to reflect on a somewhat different view expressed by Norman Macrae, deputy-editor of the *Economist*, in an examination of the "Future of International Business." He wrote that "the least useful and least credible sort of medium-term economic forecast today is whatever is at any moment the most fashionable one.

"The reason for this is now quite logical and rather technical. In modern conditions of high elasticity of both production and substitution, we will generally create a temporary but large surplus of whatever the majority of decision-influencing people 5 or 10 years earlier believed was going to be in most desperately short supply. This is because the well-advertised views of the decision-influencers tend to be believed by both profit-seeking private producers and consensus-following governments, and these two then combine to cause excessive production of precisely the things that the decision-influencers had been saying would be most needed."

The quest for commodity agreements will continue, if only because of the strong adherence of many countries to a philosophy which seeks to regulate and to organize markets.

THE U.S. ATTITUDE seeks to avoid interference in markets except where there is a demonstrated need. Thus, while we will continue to consider proposals for commodity agreements or, speaking more broadly commodity arrangements, on a case-by-case basis, we will view with skepticism arrangements which seek to deal only with the superficial manifestation of a problem, such as prices, and which seek to do so by trade restrictive devices.

Rather we will wish to judge whether such arrangements can deal with the basic factors which underlie commodity problems, such as production and consumption, and whether the arrangements will widen access to markets. Unless commodity arrangements can deal with such fundamental aspects of commodity problems, they will be of limited effectiveness and clearly unstable.

India's Thriving Coffee Industry Creates Need For Expanded Export Markets

By J. A. THADANI
Office of the U.S. Agricultural Officer
Bombay

Bombay shopkeeper weighs coffee for Indian customer. Rises in India's domestic coffee consumption reflect expanding production.

COFFEE PRODUCTION IN India is flourishing, with the 1970-71 harvest soaring to unprecedented levels. Although India's coffee production tends to fluctuate widely, the 1970-71 yield totaled an astonishing 115,334 metric tons, creating unexpected domestic surpluses and a need for expanded markets.

Successful efforts to boost coffee production have resulted in a jump from 51,536 tons in 1961-62 to an estimated 74,500 tons in 1971-72, with exports swelling from about 26,000 to over 40,000 tons during the same period.

Future production is expected to stabilize between 90,000 and 95,000 tons, satisfying both domestic and export needs.

Exports to the United States were small during 1970, totaling 3,120 tons for a total of $3.1 million, but recovered last year to earlier levels of 7,145 tons for $5.9 million.

Currently, Indian exports are rising rapidly due to new markets in Bangladesh and sharp increases to East European countries. For example, Soviet imports rose to 11,500 tons in 1971, a purchase of $10.6 million, a substantial increase over the 1970 imports of only 7,800 tons for $7.6 million. In 1961, Russia purchased 2,000 tons for $1.6 million, as compared to only 800 tons in 1958.

Coffee is an important plantation crop in India, produced mainly in the three southern States of Mysore, Tamil Nadu, and Kerala. The industry plays an important role in the country's economy and provides employment to about 500,000 people.

In spite of spiraling production, acreage devoted to coffee growing has not increased substantially. Rather, production increases of the past decade are due to:

- Improvement in the per acre yield of coffee.
- Extensive use of fertilizers, pesticides, improved irrigation facilities, and better methods of cultivation.
- Replanting schemes replacing old and dying plants with young plants from improved strains.
- Extension of coffee to nontraditional growing areas.
- Some increases in acreage in traditional coffee-growing regions.

Recurrent fluctuation remains a peculiarity of India's coffee production, in spite of continuing efforts to increase yields. Normally, in a coffee crop cycle of 6 years, there are 2 years of large production, 2 of average, and 2 of poor.

However, the record crop of 1970-71 was succeeded by an average crop last season, 1971-72, currently estimated at 74,500 tons, a decline of about 35 percent. Contrary to the usual cycle, this

INDIAN COFFEE, SUPPLY AND DISTRIBUTION

Season	Area	Production [1]	Yield	Domestic consumption [1]	Actual exports
	Acres	*Metric tons*	*Pound per acre*	*Metric tons*	*Metric tons*
1939-43 [2]	187,445	16,492	194	10,347	4,912
1959-63 [2]	306,444	57,863	416	31,544	21,536
1961-62	308,119	51,536	369	38,413	[3] 26,000
1962-63	312,057	61,717	436	38,914	[3] 20,500
1963-64	319,799	74,820	516	41,417	31,574
1964-65	320,563	66,401	457	43,107	27,013
1965-66	318,747	69,265	479	41,421	23,615
1966-67	316,328	83,010	578	41,613	33,607
1967-68	317,462	62,759	436	41,946	32,975
1968-69	323,162	78,598	536	44,337	34,586
1969-70	323,162	68,894	470	42,719	21,370
1970-71	337,175	114,824	751	39,878	37,865
1971-72	[4]	[5] 74,000	[4]	[5] 48,000	[5] 45,000
1972-73	[4]	[6] 92,000	[4]	[4]	[4]

[1] Includes about 5,500 metric tons traded outside the Pool and consumed domestically. [2] Average. [3] Not confirmed. [4] Not available. [5] Preliminary. [6] Forecast.

season's forecast is for a large crop of 92,500 tons.

WITH INCREASING PRODUCTION in prospect, India's need to improve and expand market facilities assumes great importance. The bumper 1970-71 crop caught the Indian Coffee Board (which represents grower and marketing interests) off guard, resulting in revised arrangements for distributing and financing for the season. Although scarcity is not uncommon in India, spectacular overabundance creates attendant problems.

Coffee released for domestic consumption has been restricted by the Board, except during a few good years, to expand exports and to stabilize domestic prices. Domestic consumption of coffee has increased considerably, from 31,413 tons in 1961-62 to about 44,000 tons last season. Increases are mainly due to population increases and changing tastes.

Per capita consumption of coffee remains low, only 2 ounces of coffee during 1970. The Board has increased its promotional activities; new coffee houses are being opened and additions are being made to the several coffee depots run by the Board.

Exports. India produces only about 2 percent of the world's coffee and shares about 1 percent of the world's trade, although Indian coffee is known for its quality in world markets. Between 33 and 50 percent of the crop is exported. Indian export prices have remained in line with world prices.

A steady supply of coffee to foreign markets has been maintained, even during lean crop years, and sometimes at the expense of domestic markets. Exports to quota countries, however, are limited by the International Coffee Agreement (ICA) and to nonquota countries by competition. Therefore, most excess supplies must be disposed of domestically.

Europe is the main market for Indian coffee. Western Europe, which a decade ago purchased 64 percent of Indian coffee, now imports only about 4 percent of the total. East European countries, on the other hand, have sharply increased imports to a current 75 percent of India's total coffee trade. The increase is attributable to favorable rupee payment arrangements with those countries.

Development of the North American markets has been notable, with exports increasing from about 5 to 22 percent of total exports in the past decade. In the future, more competitive prices may enable the United States to increase purchases and help to reduce Indian surpluses.

During 1971, two export trade development delegations were sent abroad by the Board, one to Europe and the other to the Far East, to find new outlets for Indian coffee and to clear the surpluses of the 1970-71 crop.

Processed coffee exports, consisting mainly of instant coffee, increased from just 1 ton in 1960-61 to 306 tons in 1970-71. Three existing processing units have a capacity of slightly over 2,000 tons, but actual production varies from 1,200 to 1,500 tons. An additional unit may be installed soon to cater solely to export markets. Exports of roasted and ground coffee were 106 tons in 1960-61, but declined to a nominal 7 tons in 1970-71.

Production. A major disadvantage of India's coffee industry is the small size of most coffee estates, of which 68 percent contain less than 5 acres. These small estates are less efficient and have lower yields than larger estates. Nevertheless, small estates continue to increase, due to fear of land ceilings and land enactment laws of certain State Governments.

Other factors which have retarded the growth of the coffee industry and limited its profits are the multiplicity of taxes, rising labor costs, and inadequate finances, in spite of continued high coffee prices in world markets.

Moreover, the coffee industry is adversely affected by the old age of the plants in about 40 percent of the acreage in coffee. These need to be replanted with better quality and higher yielding plants.

A program of replanting initiated by the Board in early 1968 is making steady headway. Some 122 planters have been assisted with loans totaling about $810,000 under this program. In addition, a program of intensive coffee cultivation, in operation since 1956, has provided about $1.5 million to some 1,200 growers to date. Under this program, long- and short-term loans are allowed to planters and means provided to obtain essential equipment and machinery for coffee estates.

U.S. Grain Transportation System Has Shifted Into High Gear

The U.S. grain transportation system has recently reached a level of performance which, if sustained for the rest of fiscal 1973, should allow exports of wheat, feedgrains, and soybeans to reach a record 74.5 million metric tons. This would mean an increase of 49 percent over the performance achieved the year before.

Three trends have developed:

- In the last week of October, grain and soybean exports pushed above the level required to reach the fiscal-year goal. This level was maintained or exceeded during the first 2 weeks of November.
- Average weekly railcar loadings for the month—at 31,600 cars—were the highest since 1970 and showed a 14-percent gain over September.
- Barge shipments—at 100 million bushels—were about 54 percent over the September level, reflecting heavy movements of soybeans to ports.

October exports of wheat, feedgrains, and soybeans totaled 238 million bushels, up 13 percent over September's already high level. Feedgrain (95 million bushels) was down 21 percent; but wheat (87 million) was up by 21 percent and soybeans (56 million) up 2½ times. In the last week, total exports did especially well, moving at a 60-million-bushel clip.

Every U.S. coast reported higher shipments in October. The gulf (which handles about two-thirds of the total) hit a 3-year high as soybeans began to reach port elevators at the mouth of the Mississippi.

Soybeans also pushed up the activity at Great Lakes ports, while wheat (especially white) kept west coast ports busy. East coast ports, which usually handle relatively small amounts of grains and soybeans until winter, continued to expand shipments for the fourth straight month.

By these indications, the system has shifted into high gear. However, work stoppages, bad weather, poor coordination, or long-continued shipping problems could prevent exports from reaching the fiscal-year goal.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 29	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.79	+4	2.00
USSR SKS-14	(1)	(1)	1.89
Australian FAQ[2]	2.61	+2	1.66
U.S. No. 2 Dark Northern Spring:			
14 percent	2.52	+3	1.90
15 percent	2.54	+3	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	2.48	0	1.81
No. 3 Hard Amber Durum	2.59	0	1.81
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	1.73	+4	1.42
Argentine Plate corn	2.17	+7	1.54
U.S. No. 2 sorghum	1.80	+5	1.44
Argentine-Granifero sorghum	1.82	+4	1.45
U.S. No. 3 Feed barley	1.59	+4	1.25
Soybeans:			
U.S. No. 2 Yellow	4.05	+6	3.42
EC import levies:			
Wheat[3]	[4] 1.31	−3	1.55
Corn[3]	[4] 1.06	−4	1.05
Sorghum[3]	[4] .95	−8	1.01

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

$26 Million Program To Benefit Bangladesh Rice Production

Bangladesh should be able to increase rice production and employment opportunities in the country's dominant agricultural sector with the help of $20 million in credits being provided jointly by Sweden and the International Development Association (IDA), an affiliate of the World Bank. Canada is supporting the project with an additional grant of $6 million for materials.

The Swedish and IDA credits and the Canadian grant will finance a project that includes the construction of about 3,000 tubewells and distribution systems to irrigate about 180,000 acres in the northwest region of Bangladesh, the operation of two field trial and demonstration farms, and an agricultural support program.

The project, when completed, is expected to bring major benefits to the economy of Bangladesh. Rice production in the country is expected to increase by 200,000 tons a year, according to IDA. Higher production will help Bangladesh to reduce imports and thereby save up to about $20 million annually. A larger and more certain supply of water will raise farm incomes, improve living standards, and enable farmers to increase both yield and cropping intensities.

Thai Rice Exports Down in 1973

Because of an expected fall of 10-20 percent in the 1972-73 Thai rice crop (1 million metric tons less than previously estimated), Thailand may export only 1 million tons (milled basis) during calendar 1973. Exports of rice during the first 9 months of 1972 have already exceeded 1.6 million tons.

India May Require Food Grain Imports

Official Indian sources reportedly have indicated that food grain imports may be necessary during 1972-73. Stocks of food grains have declined; the official estimate for the 1971-72 food grain crop was recently reduced to 104.6 million tons which is 2.4 million tons below the earlier estimate and 3.2 million below the 1970-71 crop. Perhaps even more important is the poor outlook for the 1972-73 food grain crop, which now appears likely to be 7 to 10 percent below this year's crop.

U.S. Corn Trade Continues Active

Under Title I of P.L. 480 Korea has bought 150,000 tons of U.S. corn for November-December shipment and Israel bought 10,000 tons for June 1973 delivery.

Other P.L. 480 transactions include the sale of 30,000 tons of corn to Portugal for November-December shipment; Tunisia, 10,000-20,000 tons of corn for December; Taiwan, 28,000 tons for December-January; Colombia, 40,000 tons for December-January; Vietnam, 30,000 tons for December-February; and Greece, 25,000 tons for December-January shipment with an additional 200,000 tons to be purchased before June 1973.

Indonesia Needs Wheat To Offset Grain Shortage

Larger Indonesian grain imports may be needed during 1972-73 to offset shortages of rice, corn, and cassava and to hold down prices. Because of extremely dry weather, corn production will probably be the lowest of any recent year. Corn prices have recently almost doubled, and corn exports

have been virtually suspended since March. Rice production is now unofficially estimated at 12.2 million tons, down from 12.77 million in 1971-72 and well below this year's target of 13.81 million tons.

U.S. Grain Exports and Transportation Trends: Week Ending November 17

Weekly export inspections of wheat, feedgrains, and soybeans totaled 1.46 million metric tons for the week ending November 17—a 1 percent drop from the week before, but still 4 percent above the October weekly average.

Inland transportation was down as bad weather hampered Midwest grain harvest and shipments. Railcar loadings of grain totaled 29,038 cars, down 6 percent from the week before. Barge shipments of grain, at 550,000 metric tons, were up about 1 percent.

GRAIN EXPORT AND TRANSPORTATION TRENDS: WEEK ENDING NOVEMBER 17

Item	Week ending Nov. 17	Previous week	Weekly average, October	Weekly average, first quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections for export:				
Wheat	542	511	561	414
Feedgrains	605	470	536	626
Soybeans	314	502	310	133
Total	1,461	1,483	1,407	1,173
Inland transportation:				
Barge shipments of grain	550	542	652	515
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	29,038	30,832	31,618	28,566

LIVESTOCK AND MEAT PRODUCTS

Germany Temporarily Suspends Ban on U.S. Horse Imports

Germany has temporarily removed the ban on imports of horses from the United States and other Western Hemisphere countries for a 5-month period which began November 1, 1972. Import permits will be valid for horses which have been vaccinated against Venezuelan equine encephalomyelitis in the country of origin. As potential VEE infection is relatively light during winter months, the United Kingdom, Ireland, and France have adopted similar import policies.

TOBACCO

Brazilian Tobacco Production Down, Exports Expected To Increase

Brazilian cigarette leaf production in 1972, including twist tobacco, was 160,000 metric tons, almost 5 percent below production in the previous year. The lower output came primarily from reduced plantings of Virginia flue-cured.

Trade indications in Brazil all point to acceptance of Brazilian Virginia and burley in the United Kingdom and West Europe, even though exports of these kinds of tobacco have been at commercially important levels for only a few years.

The 1971 crop, one of exceptional quality, sold well. The 1972 crop, while not of as high quality as the previous year's output, also sold out quickly. In fact, according to Brazilian tobacco traders, there was not enough tobacco in 1972 to supply export demand.

For the period January-May 1972 a total of 10,205 tons of Virginia and burley were exported. During calendar 1971, 28,700 tons were shipped. It is estimated that total shipments of these tobaccos will be about 32,000 tons during calendar 1972, at least 80 percent of which will be Virginia.

FRUITS, NUTS AND VEGETABLES

Hamburg Prices of Canned Fruits and Juices

Quotations represent importers' selling prices, including duty and sugar-added levy, but excluding the value-added tax. Sales are in lots of 50-100 cases.

Type and quality	Size of can	Price per dozen units [1] Oct. 1971	July 1972	Oct. 1972	Origin
CANNED FRUIT					
Apricot halves:					
Choice	2½	4.59	4.11	4.12	S. Africa
Standard	2½	3.79	3.81	3.74	Spain
Not specified	2½	3.27	3.69	3.59	Greece
Peach halves:					
Choice	2½	—	4.76	4.68	U.S.
Do, light sirup	2½	4.34	4.42	4.56	S. Africa
Not specified	2½	4.19	4.27	4.19	Argentina
Do	2½	4.30	4.42	4.45	Australia
Do	2½	—	4.04	3.89	Greece
Do	2½	4.12	—	4.08	Italy
Peach slices:					
Choice	2½	—	4.11	4.04	S. Africa
Not specified	2½	3.94	4.11	4.04	Australia
Pears:					
Not specified	2½	—	—	4.12	Australia
Do	2½	4.19	4.42	4.68	Italy
Fruit cocktail:					
Choice light sirup	2½	—	5.98	6.17	U.S.
Not specified, 4-fruit	2½	4.52	5.48	5.39	Italy
Cherries, red, pitted:					
Fancy, water pack	10	24.76	26.47	23.57	U.S.
Not specified, water pack	10	18.07	18.67	20.77	Greece
Do	5 kg.	28.20	31.04	31.60	Yugoslavia
Pineapple, whole slices:					
Fancy	2½	5.86	—	5.99	U.S.
Choice	2½	4.16	4.49	4.34	U.S.
Not specified	2½	—	3.85	3.78	Taiwan
Do	2½	—	3.54	3.55	Ivory Coast
Do	2½	3.33	3.47	3.33	S. Africa
CANNED JUICES					
Orange, unsweetened	43 oz.	3.65	3.54	3.63	Greece
Do	20 oz.	—	2.09	2.21	Israel
Grapefruit, unsweetened	20 oz.	—	2.40	2.36	U.S.
Do	20 oz.	—	1.68	1.72	Greece
Do	43 oz.	3.65	3.88	3.82	Greece
Do	20 oz.	—	2.44	2.39	Israel

[1] Converted to U.S. dollars at approximate parity existing when quotations were observed.

London Prices of Canned Fruits and Juices

Quotations represent selling prices of canned fruits and juices, ex-store basis (in U.S. dollars) during October 1972.

Type and quality	Size of can	Price per dozen units [1]		Origin
		July 1972	Oct. 1972	
CANNED FRUITS				
Apricot halves:				
Choice	2½	4.30	4.30	Australia
Do	2½	4.01	3.78	S. Africa
Not specified	303	2.02	2.21	Spain
Fruit cocktail:				
Not specified	2½	4.85	5.08	Australia
Fruit salad:				
Choice	15 oz.	2.58	2.54	Spain
Peach halves:				
Fancy	2½	4.30	4.46	Australia
Do	2½	4.12	4.10	S. Africa
Choice	2½	—	4.76	U.S.
Do	2½	4.17	4.36	Australia
Do	2½	4.04	3.97	S. Africa
Pears:				
Fancy	2½	4.30	4.27	Australia
Do	2½	4.12	4.10	S. Africa
Choice	2½	4.17	4.17	Australia
Do	2½	3.99	3.97	S. Africa
Pineapple slices:				
Fancy	2½	6.64	6.91	U.S.
Do	2½	3.75	3.65	S. Africa
Not specified	20 oz.	2.21	2.44	Malaysia
CANNED JUICES				
Orange	43 oz.	4.82	4.61	Israel
Grapefruit	43 oz.	5.99	5.03	Israel

[1] Pounds sterling converted to U.S. dollars at rate in effect at time of quotation.

Further Damage to Portuguese Dried Fig Crop Reported

Dried fig production in Portugal's Algarve region, the primary production region, has suffered further damage from heavy rains. Originally placed at 5,000 short tons, output in the Algarve is now expected to total only 1,000 tons. The estimate for the northern production area remains unchanged at 1,000 tons, giving an unusually low 2,000-ton 1972 Portuguese commercial crop. This compares with the 1971 crop of 8,800 tons and a 1966-70 average of 11,400.

Exports of dried figs and fig paste for the 1972-73 season are expected to fall sharply in view of the short crop. Overseas shipments totaled 5,200 tons during the 1971-72 season and averaged 6,400 tons over the 1963-67 period.

Sultanas Meet Strong Demand on U.K. Market

Following reports of short crops of raisins in Turkey and Greece, and heavy frost damage in California, world raisin markets have shown a rapid series of price rises recently. Reports indicate that U.K. buyers are getting increasingly concerned about sultana supplies from the Northern Hemisphere, as previously negotiated contracts with Greece and Turkey are not being met.

The Australian Dried Fruits Board had already committed a large part of its exportable surplus before prices started to boom, and probably only about 10,000 to 15,000 tons will attract the current record prices out of an estimated 1972 export pack of 85,000 long tons.

With the exception of a few thousand tons still held by the Board in London, and fruit in transit, the Australian sultana crop has now been entirely cleared. The Board believes that very little fruit will be left by the time the Christmas peak trading for dried vine fruits arrives, and the 1973 Australian crop will be placed on a bare market.

Netherlands Prices of Canned Fruits and Juices

Quotations represent wholesale offering prices on a landed weight basis, including duty and sugar-added levy, but excluding the value-added tax.

Type and quality	Size of can	Price per dozen units [1]			Origin
		Oct. 1971	July 1972	Oct. 1972	
CANNED FRUIT					
Apricots:					
Choice	2½	3.25	—	3.48	Greece
Do	500	—	2.00	1.96	Spain
Peach halves:					
Choice	2½	—	4.51	4.44	S. Africa
Choice light sirup	303	3.18	3.11	3.11	U.S.
Do	2½	—	4.40	4.33	S. Africa
Standard	2½	2.95	—	3.42	Greece
Fruit cocktail:					
Choice	2½	4.64	—	5.44	Italy
Do	2½	—	5.51	5.51	Australia
Do	2½	—	5.47	5.51	S. Africa
Pineapple slices:					
Fancy	2½	4.93	—	5.33	U.S.
Choice	2½	4.71	—	5.07	U.S.
Heavy sirup	2½	—	3.96	3.96	Taiwan
Pineapple pieces:					
Standard	2½	2.62	2.88	2.88	Philippines
Do	2½	—	2.92	2.92	S. Africa
Do	2½	—	—	2.11	Mainland China
CANNED JUICES					
Orange, unsweetened	[2] 1 ltr.	3.78	3.88	3.88	Israel
Grapefruit, unsweetened	[2] 1 ltr.	3.88	4.33	4.33	Israel

[1] Converted to U.S. dollars at rate applicable at time of quotation. [2] Packed in glass bottles.

Irish Hop Imports Drop 1 Million Pounds in 1971-72

Ireland imported an estimated 2.6 million pounds of hops during the 1971-72 (Oct.-Sept.) crop year, a decline from the previous year's 3.6 million pounds, the highest level of hop imports since 1962-63. Heavy carryover stocks from 1970-71 imports enabled hops consumption to increase in 1971-72.

The United Kingdom was Ireland's biggest hops supplier during calendar 1971, shipping 65 percent of the total (1.9 million pounds), compared with 45 percent during calendar year 1970. The United States was second, shipping 891,000 pounds, 30 percent of the total. This was a 15-percent reduction in volume compared with 1970.

The price of U.S. hops almost doubled in 1971, compared with 1970, reaching 87 cents per pound, while U.K. prices remained fairly constant at about 74 cents.

Smaller 1971 Malaysian Pineapple Production

Malaysia reports a smaller 1971 pineapple crop. Fresh production totaled 295,600 short tons, 5 percent below that of 1970, while the canned pack totaled 3,037,000 cases, equivalent 24/2½'s, 7 percent below the 1970 pack of 3,271,000 cases.

Malaysian canned pineapple is mainly produced for the export market and some concern is being expressed about the entry of its most important market, the United Kingdom, into the European Community. Other important markets are the United States, Canada, West Germany, and New Zealand.

Malaysia's pineapple exports totaled 2,815,000 cases in 1971.

Frost Damages Argentine Fruit

Widespread frosts struck all fruit-growing areas in Argentina in early October. Frosts of October 4 were particularly severe because of the absence of winds that had prevented penetration during the previous two evenings. Initial damage claims are high; however, it is too soon to measure the frost's effects.

COTTON

U.S. Cotton Selling Freely On Strong World Market

Both U.S. and international cotton prices started a long downward slide early in 1972, when they were at the highest level in 20 years. International prices, mostly for better qualities, turned upward in mid-September and advanced about ¼ cent per week until mid-October, when the rate of increase went up to about ½ cent per week. In each of the past 2 weeks (through Nov. 16) Liverpool quotations for U.S. cotton have jumped more than 2 cents, and it is now quoted nominally at levels above comparable foreign growths.

Cotton prices in the domestic market continued sliding downward until mid-October and have rebounded about ½ cent per week since then. However, the rate of increase has not been uniform for all qualities. Better grades (such as Middling 1-1/16") increased about 4.5 cents between mid-October and mid-November, average of the crop (SLM 1-1/16") advanced about 3 cents, and lower grades (SLM Lt Sp 15/16") increased only about 1 cent.

The more rapid advance in prices for better grades reflects a fairly tight world supply of these qualities, largely as a result of heavy rains during the harvest season in many producing countries. Only Russia, Syria, and Iran are reported to have relatively high-grade 1972 crops.

According to trade reports, U.S. exporters are swamped with inquiries from foreign buyers and are making large sales. Indications are that limits on the physical movement of cotton to ports and thence to overseas destinations may preclude any further sales for delivery before January at the earliest.

Exporters also report difficulty in buying cotton from producers to cover their foreign sales, as farmers are reluctant to sell on a rising market.

DAIRY AND POULTRY

Poultry Industry Expanding in Colombia

The Colombian poultry industry has undergone a rapid expansion in 1972. Total poultry numbers are currently estimated at 35.6 million birds, an increase of 24 percent over a year ago. This includes about 8.5 million layers and replacements and 27.1 million broilers.

Broiler expansion is expected to be 7 to 13 percent, with the rest of the expansion among birds for egg production. This expansion reportedly resulted to a considerable extent from the sharp rise in domestic beef prices during 1972, making poultry products more attractive to consumers.

The twice-a-week ban on beef in public service establishments, such as restaurants and hotels, undoubtedly has increased the demand for poultry and eggs.

Ten Americans Win Awards In World Cheese Contest

Ten American cheesemakers were among 18 winners at the Ninth Biennial World's Natural Cheese Contest sponsored recently by the Wisconsin Cheesemakers' Association in Oshkosh, Wisconsin. Awards were also given to dairymen from Canada, Finland, Italy, Austria, and the Netherlands.

The title "World's Champion Cheesemaker" went to Domenico Rocca of Italy for his entry of aged Parmigiano Reggiano cheese.

The two American first-place winners were Dean Engler of Alma, Wisconsin, in the drum or block swiss cheese class, and Clifford Wells of Gratiot, Wisconsin, for his brick cheese entry.

Fifty-seven of the 123 entrants were non-Americans.

FATS, OILS AND OILSEEDS

Moroccan Exports of Olive Oil Jump 150 Percent in 1972

Exports of oil from Morocco's 1971-72 olive harvest totaled 35,000 metric tons, most of which went to Italy. This compared with exports of 14,000 in the preceding year.

Export demand remained strong during the current marketing season, and except for occasional pressure on Moroccan storage facilities, the relatively heavy supplies moved readily into export channels despite record or near-record production in some other major olive oil exporting countries. No problems are foreseen in moving limited exportable supplies of olive oil in 1973.

Spain's 1972-73 Olive Oil Output Up Sharply

Spain's 1972-73 production of pressed olive oil is preliminarily estimated at 470,000 metric tons or 129,000 tons above the 1971-72 crop. Since domestic consumption is not expected to increase substantially from last year's volume of about 290,000 tons, the bulk of the increase will be available for export expansion or stock replenishment.

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FOREIGN AGRICULTURE

feed, the proportion of corn has declined from 22 percent to an estimated 16 percent in the past 4 years. High denaturing premiums for wheat coupled with protection for domestic grains are primarily responsible.

If the proportion of corn in mixed feeds in 1967-68 had been maintained, about 2 million more tons of corn would have been used during the past 4 years.

German corn yields have shown dramatic increases and compare favorably with other feedgrains. Yields for the past 5 years averaged 79.5 bushels per acre, 35 percent above the average of the preceding 5 years. In comparison, barley yields in 1971 totaled 71.4 bushels per acre, with corn yielding 81.2 bushels per acre; in 1970 barley yielded 59.9 bushels per acre and corn 80.9 bushels per acre, moisture content being equal. In many areas, corn commands a better price than feed barley because of its higher feeding value.

For many years, corn growing was limited largely to certain climatically-favored areas of Southern Germany (Bavaria and Baden-Württemberg). Although 70 percent of corn for grain is still grown there, production has spread both north and south, even to Schleswig-Holstein, which has a latitude comparable to that of Hudson Bay, Canada.

Domestic corn production has become an important factor in the West German economy. Recently, domestic corn was considered important enough to be incorporated into the farm grain stock reporting system and corn prices are now quoted on the grain exchanges. Farmers have found corn growing profitable in spite of high production and drying costs, compared to other grains.

Further impetus to corn production is being given by: The introduction of new hybrid seed corn varieties, both imported and domestic; more efficient use of fertilizers; better weed and pest control; improved machinery making corn a "fully mechanized row crop;" crop rotation and soil fertility; and adaptation of seed to short growing seasons.

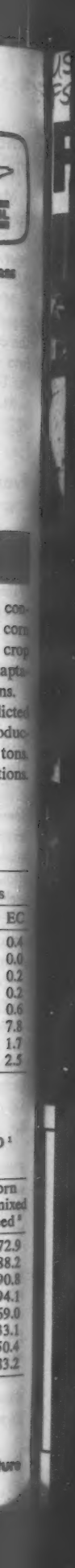
Fifteen years ago, experts predicted that West German grain corn production could increase to 1 million tons. Today few challenge those projections.

WEST GERMANY: FOREIGN TRADE IN CORN
[In thousands of metric tons]

Year beginning July	Imports			Exports	
	Total	U.S.	France	Total	EC
1964	2,068.1	1,101.2	451.2	293.1	0.4
1965	2,433.9	1,292.7	602.3	332.3	0.0
1966	2,569.9	1,108.8	913.0	115.9	0.2
1967	2,442.8	1,538.8	171.5	27.9	0.2
1968	2,241.6	1,333.4	470.2	44.3	0.6
1969	2,062.3	1,312.0	508.0	58.3	7.8
1970	2,832.4	1,866.2	628.9	262.1	1.7
1971	2,756.2	1,242.1	1,282.7	190.3	2.5

Federal Office of Statistics.

WEST GERMANY: GRAIN AND CORN PROCESSED INTO MIXED FEED[1]
[In thousands of metric tons]

Year	Mixed feed	Grain in mixed feed	Corn in mixed feed[2]
1964	6,090.9	2,293.2	1,172.9
1965	7,203.1	2,668.5	1,488.2
1966	7,578.9	2,748.4	1,590.8
1967	7,701.0	2,857.8	1,694.1
1968	7,907.6	2,765.4	1,469.0
1969	9,043.0	3,306.8	1,333.1
1970	9,800.4	3,674.8	1,650.4
1971	10,367.8	3,749.4	1,683.2

[1] Crop year beginning July 1, 1964-67; August 1, 1968-72.
[2] Including milo.
Federal Ministry of Agriculture.